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Participants : Acharia Shri Basudeb,Pathak Shri Harin,Dasgupta Shri Gurudas,Chidambaram Shri P.,Yadav Shri Devendra Prasad,Kumar Shri Shailendra,Geete Shri Anant Gangaram,Chidambaram Shri P.

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Title: Shri Basudeb Acharia called the attention of the Minister of Finance to the situation arising out of the non-implementation of Wage Settlement signed between the Employees Association and Management of Industrial Development Bank of India Limited and steps taken by the Government in this regard.

SHRI BASU DEB ACHARIA (BANKURA): Sir, I call the attention of the Minister of Finance to the following matter of public importance and request that he may make a statement thereon:

> "The situation arising out of the non-implementation of wage settlement signed between the employees association and management of Industrial Development Bank of India Ltd., (IDBI) and steps taken by the Government in this regard."

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): Sir, with your permission, may I lay the statement.

MR. SPEAKER: Okay.[r12]

*SHRI P. CHIDAMBARAM : IDBI was carved out of RBI under IDBI Act, 1964 and came into existence on the 20th June 1964. IDBI was transformed into IDBI Ltd., viz. a bank vide IDBI Repeal Act 2003 effective from 1.10.2004. Further, IDBI Bank was merged into IDBI Ltd. under the IDBI (Transfer of Undertakings & Repeal) Act, 2003 as a Company registered under the Companies Act, 1956 and a banking company within the meaning of Section 5 (c) of the Banking Regulation Act, 1949 to carry on business as a commercial bank. It has been classified as 'Other Public Sector Bank'.

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*Laid on the Table and also placed in Library. See No. LT 5757/06.

The management of IDBI had signed a Memorandum of Settlement with the unions/associations of IDBI on the 17th March, 2006 for the period from 1.11.2002 to 31.10.2007, which inter-alia, includes the following :

(i) any modification to the provisions of the Memoradum of Settlement dated October 5, 2005 between the All India reserve Bank Employees' Association and the Management of the Reserve Bank of India shall ***mutatis mutandis*** *apply to this settlement and, if so required, the parties hereto shall enter into an amendatory agreement to give effect to such modification.*

(ii) the Settlement will become effective only after and only to the extent the necessary approval of Government of India has been obtained by the Bank and that no rights whatsoever shall be granted in respect of any of the provisions of this Settlement pending receipt of such approval.

The Memorandum thus specifically provides that it shall become effective only after and only to the extent the necessary approval of the Government of India has been obtained.

Since IDBI Ltd. is now a public sector commercial bank, it would have to benchmark itself against other public sector commercial banks in all respects including pay and allowances. The Government also need to ensure that any pay package which is adopted by IDBI conforms to the well settled principle of wage negotiations, viz. equitable, fair and within the capacity to pay of IDBI.

Keeping in view these factors, the Government vide letter dated the 31st July, 2006 approved the pay and allowances as were entered into the Memorandum of Settelement dated the 17th March, 2006, but advised IDBI Ltd. to substitute the relevant clauses of the Memorandum of Settlement with the following clause :

"We expressly agree that the pay and allowances contained in this settlement have been mutually agreed upon having regard to the fact that the period of the settlement will commence from 1.11.2002 and will conclude on 31.10.2007. We agree that the settement for pay and allowances and service conditions commencing from 1.11.2007 will be based on such terms and conditions as would be negotiated and agreed upon between the Bank and its employees having regard to the practices in public sector banks."

IDBI Ltd. management has informed that while the revision of pay scales has been effected for officers (numbering 1258) , the same could not be implemented for the workmen staff (numbering 1141), as all efforts made to persuade All India Industrial Development Bank Employees Association (AIIDBEA) to accept the clause stipulated by Government of India have failed. AIIDBEA has been demanding immediate implementation of the Memorandum of Settlement in toto without attaching any conditions thereto.

As a part of the agitation programme, AIIDBEA has observed a 'Relay Hunger Strike' by its members during November 27, 2006 to December 1, 2005 (5 days) for which no official notice had been given to the Bank. The agitation programme passed off peacefully. The day-to-day operations of the bank were also not affected and all offices/branches functioned normally. AIIDBEA representing the clerical and the subordinate employees of IDBI Ltd. again struck work on December 13 and 14, 2006. The Government has advised the Management to use its good offices to convenience the Unions and implement the decision through negotiation.

SHRI BASU DEB ACHARIA : Sir, IDBI was functioning under the name Industrial Finance Department as an integral part of RBI from its inception. IDBI was formally delinked from RBI in 1977 and accorded the status of a wholly owned Government institution, an apex institution.

The IDBI Act was repealed in 2003 and IDBI was converted into a deemed banking company to carry on banking business in addition to fulfilling its development bank role.[r13]

While replying to the debate on this Bill, the former Finance Minister categorically assured that IDBI would retain the character of development finance institution even after its conversion as a deemed banking company. It was categorized as other public sector bank.

When the question of service conditions was raised by us, another assurance was given by the former Finance Minister in regard to Section 5(1) of IDBI Repeal Act, 2002. What was the assurance? The employees' interest would be safeguarded and the employees would continue to enjoy the same terms and service conditions even in the new dispensation. Section 5(1) of IDBI Repeal Act with regard to protection of service conditions of the employees specifically stated that the interest of erstwhile IDBI - which was only a subsequent and independent development bank - and merger of IDBI Limited shall have no implication on the status of Section 5, Subsection (1) of IDBI Repeal Act.

Since its inception in 1964, service conditions of IDBI employees are governed by the service conditions as obtaining in Reserve bank of India. As such, parity and linkage with RBI on wages and allied matters formed a part of service conditions of employees of IDBI. Before this wage settlement, there were five wage settlements signed between IDBI Association and the Board of IDBI since 1977 when IDBI was delinked from RBI in 1977.

This present settlement was signed on 17th March, 2006. Since then, it is pending with the Ministry of Finance. The settlement was approved by the Board of Directors of the Bank including the two Government nominees. There are two Government nominees in the Board of Directors. They also agreed, it was signed on 4th March, 2006, and it has been sent to Ministry of Finance for their approval.

The Government of India, Ministry of Finance has stipulated the following two conditions. One is deletion of the clause providing linkage with the IDBI which was there since 1977 when IDBI was delinked from RBI. No question of deletion of linkage clause was ever raised by the Ministry of Finance before.[r14]

For the first time, this has been raised even after categorical assurance given by the former Finance Minister on the floor of this House. One condition is deletion of clause providing linkage; another condition has also been put with would be effective from the next wage agreement, that is, from 1.11.07, the future settlements. Tthese two conditions would be added.

Second condition is that pay and allowance and service conditions would be on bar with the public sector banks. This is nothing but contrary to the assurance given by the former Finance Minister. I think, you remember that when we moved an amendment, there were equal votes – 60 votes for `yes' and 60 votes for `no'. That amendment was moved by me. I was requested to withdraw it. When the former Finance Minister gave an assurance, I withdrew it. Today, the present Finance Minister does not want to honour the assurance given by the former Finance Minister and imposing conditions which were never there in five wage settlements. Today, he is imposing certain conditions and the wage settlement is due for the last few years.

MR. SPEAKER: Put your question please.

SHRI BASU DEB ACHARIA : The stand of the Government is in gross negation of the provisions contained in Section 5, Subsection (1) other IDBI Repeal Act. Assurance was given that service condition would be protected and it would not be changed but that condition has been imposed here and that they will have to agree for change of service conditions. They have agreed that in future agreements too, everything will be at par with other commercial banks.

This is in contravention of the solemn assurance given by the former Finance Minister during the course of debate on the IDBI Repeal Act. Even in the other House, the same assurance was given. When an assurance was given, the same has to be implemented.

MR. SPEAKER: Already you have spoken for 10 minutes.

SHRI BASU DEB ACHARIA : If new condition is being imposed, that means, the assurance given by the former Finance Minister is negated. In view of the assurance given by the former Finance Minister in regard to the continuance of service conditions, in regard to Section 5, Subsection (1) of the IDBI Repeal Act, I would like to ask the Finance Minister this. Would he give his clearance as per the

agreement signed between the Association and the Management? Will the Ministry of Finance impose any condition? Will the Ministry approve the wage agreement signed by both the Management and the Employees' Association without further delay so that it is implemented? Would the assurance given by the former Finance Minister be implemented in letter and spirit?

MR. SPEAKER: Shri Panda. Please put only one question and do not make a speech.

SHRI PRABODH PANDA (MIDNAPORE): I will not make a speech, but I just want to add some points to what he said.

MR. SPEAKER: No need to add points. Put only one question.

SHRI PRABODH PANDA : Sir, the Industrial Development Bank of India Ltd. Employees' Association had observed an All India Hunger Strike from 27th November to 1st December.

MR. SPEAKER: He has mentioned that in his statement.

SHRI PRABODH PANDA : After that, on 13th and 14th December, they had observed a two-day strike. My point is that this is the sixth settlement and it is contrary to earlier five settlements, which had been pursued so far. Why has that stipulation been made by the hon. Minister which was not there earlier? The situation is such that in the statement itself, the hon. Minister says that the officers had got their salaries, while the employees, the staff members and the workmen did not get their salaries so far. The situation is very serious and so, I demand from the Minister, without imposing any conditions, that the assurance given in the House should be carried out and the benefit of the workers should be protected.

MR. SPEAKER: Shri Sunil Khan, please put one question.

SHRI SUNIL KHAN (DURGAPUR): May I know whether the Government has assured the House that all the five wage settlements signed between the IDBI and the Association are strictly on par with the ones of the RBI? May I know whether the Government has assured the House that the provisions contained in Section 5 (1) of the IDBI Repeal Act, in respect of terms and conditions, include parity and linkage with RBI and whether it is gross negation?

श्री देवेन्द्र प्रसाद यादव (झंझारपुर) : अध्यक्ष महोदय, 17 मार्च, 2006 को एसोशिएशन का मैनेजमेंट के साथ छठा एग्रीमेंट हुआ, लेकिन सरकार ने इन एग्रीमेंट्स को लागू करने के लिए भविय में दो शर्तें लागू करने की बात कही है। पहली - आरबीआई के अनुरूप आईडीबीआई के कर्मचारियों को मिलने वाले वेतन भत्ते तथा अन्य सुविधा वाले उपबंध हैं, उन्हें आईडीबीआई को छोड़ना होगा।

दूसरा - एग्रीमेंट की समाप्ति की तिथि 1.11.2007 के बाद आईडीबीआई के कर्मचारियों को पब्लिक सेक्टर बैंक के वेतन भत्ते और सेवा शर्तों को मानना होगा, इसके लिए अंडरटेकिंग देनी होगी। मैं जानना चाहता हूं कि किसी प्रकार की शर्त न रखते हुए जो

समझौता ज्ञापन है, उसे समग्र रूप से तत्काल टाइमबाउंड बेसिस पर सरकार को लागू करने में क्या कठिनाई है, क्योंकि तत्काल मंत्री ने स्पट रूप से दोनों सदनों को आश्वस्त कर चुके हैं?

श्री शैलेन्द्र कुमार (चायल) : अध्यक्ष महोदय, जैसा कि सम्मानित सदस्यों ने अपनी चिंता व्यक्त की है कि आईडीबीआई और प्रबंधन के बीच में पांच समझौते पहले भी हो चुके हैं लेकिन बार-बार कुछ शर्तें ऐसी लागू की जाती हैं, जिनकी वजह से वेतन मजदूरी दर तय नहीं हो पा रही है। इस समय वहां के अधिकारियों को तो वेतन मिल रहा है, लेकिन वहां के कर्मचारी वेतन न मिलने के कारण भुखमरी की कगार पर हैं, उनको अपने परिवार का गुजारा करना मुश्किल हो रहा है और कर्जे के बोझ से वे दब गए हैं। मैं आपके माध्यम से माननीय मंत्री जी से पूछना चाहता हूं कि कितनी जल्दी बिना शर्त के इस वेतनमान लागू करेंगे, ताकि उन्हें भी वेतन दिया जा सके।

MR. SPEAKER: Hon. Members, without creating a precedent, since today is the last day, I am allowing two more hon. Members.

Shri Gurudas Dasgupta. Please cooperate by putting only one question.

SHRI GURUDAS DASGUPTA (PANSKURA): I only draw the attention of the hon. Minister to the fact that the employees of the RBI have a particular pay scale which is higher than the pay scale enjoyed by the employees of other nationalized banks. This is the controversy. Therefore, my question is whether he will agree that in 2002, the then hon. Finance Minister has assured that the service conditions, as they were enjoyed, will be enjoyed by them under the new dispensation. That was his assurance. Is he aware of that? Since that was an assurance given on the floor of the House, will the hon. Minister of Finance, as a continuing successor of the earlier Minister, take a view on that and agree to disagree with the assumptions of the present management and the present Finance Ministry that the pay scale and future settlements will be in line with the public sector banks? That is the crux. Will the hon. Minister enlighten me on these two questions?[MSOffice15]

MR. SPEAKER: Shri Harin Pathak. Please cooperate by putting only a question. I am very liberal today.

SHRI HARIN PATHAK (AHMEDABAD): So nice of you, Sir.

I associate myself with the matter raised by Shri Basudeb Acharia and other hon. Members. It is really an assurance; I wish that the Government implement the assurance given by the then hon. Minister of Finance on the floor of the House.

श्री अनंत गंगाराम गीते : अध्यक्ष महोदय, बसुदेव आचार्य जी ने यहां कॉलिंग अटैंशन के माध्यम से आईडीबीआई के वर्कर्स के संदर्भ में मामला उठाया है, मैं उसके साथ अपने आप को जोड़ता हूं। वर्कर्स एसोसिएशन और आईडीबीआई के मैनेजमैंट के बीच जो वेज सैंटलमैंट का एग्रीमैंट हुआ, उसे लागू करने के लिए बाद में जो कंडिशन्स लगायी जा रही हैं, वे बिल्कुल अनुचित और योग्य नहीं हैं। मैं वित्त मंत्री जी से यह जानना चाहूंगा कि सरकार इस संदर्भ में आईडीबीआई को क्या कोई निर्देश तुरन्त देना चाहेगी? मेरा यही कहना है कि वेज सैटलमैंट के एग्रीमैंट को तुरन्त लागू किया जाए।

SHRI BRAJA KISHORE TRIPATHY (PURI): Sir, on behalf of my Party, I want to associate with the issue raised.

MR. SPEAKER: Okay, you can associate yourself with this.

SHRI P. CHIDAMBARAM: Sir, the matter boils down to just one issue. Section 5(1) of the Act, as you know, is *para materia* with Section 12 (2) of the Nationalization of Banks Act; it is *para materia* with Section 25 FF(b) of the Industrial Disputes Act.

I will read Section 5(1) of the Repeal Act, which says – I am omitting the irrelevant portion and I quote:

> "Every officer or every employee of the Development Bank, serving in employment immediately before the appointing date, shall … hold his office or service therein by the same tenure, at the same remuneration, upon the same terms and conditions, with the same obligations and with the same rights and privileges as to leave fare concession, welfare scheme, medical scheme, insurance, provident fund, other funds, retirement, voluntary retirement, gratuity and other benefits, as he would have held under the Development Bank, if its undertaking had not vested in the company, it shall continue to be so."

So, no term or condition of employment falling under Section 5(1) has been altered after the erstwhile IDBI, the Development Bank was merged into the new company, which is the IDBI Bank. Nothing has been violated. What is the issue here? The issue is whether they have negotiated a new settlement. While negotiating a new settlement, they were told – now you are a public sector bank, and therefore, you can negotiate the terms and conditions, salary, pay scale, etc. – that whatever they agreed, we will implement it. So, the negotiated pay scale, allowances, a number of other normal, usual perquisites, and terms and conditions, etc. are there and we have not interfered with that at all. Whatever the management and the unions have negotiated, we said, we would approve it. However, after it became a public sector bank, they put a condition here, which says "any modification to the provisions of the memorandum of settlement dated October 5, 2005, between the All India Reserve Bank Employees' Association and the Management of the RBI shall *mutatis mutandis* apply to this settlement. If so required, the parties shall enter into an agreement." The effect of this is that if RBI amends its agreement with its employees, without any negotiation, it will automatically apply here. This, we said, cannot be accepted, after IDBI becomes a public sector bank.

To answer to Shri Dasgupta's question, what he suggested is exactly what we are saying. We expressly say that any future agreement, from 1.11.2007 will be based on such terms and conditions as would be negotiated and agreed upon between the bank and employees, having regard to the practices in other public sector banks. [MSOffice16]

We have no problem. Like any other public sector bank, IDBI's employees should negotiate with the management having regard to the practices in other public sector banks and having regard to the well known principles of fixation of pay, that is, fair and equitable and capacity to pay. They can negotiate any agreement and ordinarily the Government will not interfere, as we have not interfered. We are objecting only to the clause which says if the RBI Agreement with the RBI employees is amended it will automatically, *mutatis mutandis,* apply here. That Sir, is no longer acceptable. I think

most sections of the House and I am sure my learned friend also will agree that it would be an unreasonable condition to have in the agreement, RBI is a monetary authority, RBI is not a commercial organization. RBI derives its income and profits from Central bank functions. So, RBI gives a certain scale of pay. IDBI today is a public sector bank.… (*Interruptions*)

SHRI BASU DEB ACHARIA : It has developmental role also. You cannot deny that.

SHRI P. CHIDAMBARAM: Nobody is questioning that IDBI has a developmental role also. Having regard to the developmental role, the union and the management may negotiate and agree upon a new wage package, we have no problem. We are not interfering with any term that they have negotiated. We are not interfering with pay scale, allowances, perquisites or anything. We are simply saying that do not put this clause that if the RBI amends its Agreement with the RBI employees, it will automatically mean an amendment to this agreement. That I am afraid cannot be accepted.

SHRI BASU DEB ACHARIA : I would like to know whether that clause was there in the earlier agreement or not.

SHRI P. CHIDAMBARAM: That clause was there when IDBI Repeal Act was not there and the IDBI was not a public sector bank. IDBI's employees had been drawn from the RBI. After the Repeal Act, today IDBI has become a public sector bank. Hon. Members met me. I do not want to take any names. I told them to please bear with me. I will approve every term of the Agreement but this clause should not be there. Please advise your employees to delete this clause and we will negotiate in future. You may negotiate Rs.100 more than other public sector bank, we have no objection. But you cannot say that if the RBI amends its agreement, it will automatically apply without any further… (*Interruptions*) Please allow me to conclude now.

Therefore, all that we have said is, please substitute that clause and say, 'we will negotiate a future agreement having regard to the practices in public sector banks.

Just to make sure that we are on a firm footing, we have taken the opinion of the Additional Solicitor General. Additional Solicitor General categorically opines that clause 5 (1) means, what I am saying, namely, all pre-existing terms and conditions will be protected, not that if RBI amends its agreement it will automatically apply here. My friends may disagree with me on my legal interpretation. The recourse is some other forum. All I can go by is the legal advice I have received and my best judgement. My sincere appeal is, officers should accept it, we will clear it. A section of the workmen say that we must have that clause.… (*Interruptions*) Please, your statement and my statement can be different. A section of the employees are saying that we must have the clause relating to the RBI. I appeal to all the employees of the IDBI, today, please delete that reference to RBI and this evening this agreement will come into force. My appeal is, let us face a Merry Christmas and a Happy New Year on a very positive note. Please advise the employees to drop this clause.

SHRI BASU DEB ACHARIA (BANKURA): Sir, I seek your protection. The assurance was given that service conditions, parity in wages and pay scales… (*Interruptions*) Is it not the service condition and

other benefits? The interests of the employees will be protecte`d. How the interests of the employees will be protected?

MR. SPEAKER: It cannot go on until you are satisfied. You go back dissatisfied.

SHRI BASU DEB ACHARIA : I seek your protection. This assurance was given on the floor of this House. You were also there at that time when I pointed out and expressed... (*Interruptions*)

SHRI GURUDAS DASGUPTA : May I suggest one thing? I understand your predicament and that there are some complexities. You are asking the workers to delete that clause about the RBI's decision. [R17] Along with that, will you ask your management to delete this with effect from 1.11.2005?... *(Interruptions)* What I am suggesting is that let them delete that part and you delete this part. Let both the contradictory stipulations be dropped. You implement it. In future, we shall discuss it.